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Soviet Defense Outlays Rise More Slowly Than Expected

Soviet defense spending did not rise as quickly as anticipated from 1976 through 1981, but it is too early to tell whether this will be a long-term slowdown, government officials said yesterday.

The CIA and Defense Intelligence Agency, these officials said, expected the historic 3 percent real annual growth to prevail during the 1976-81 period, but it dropped to about 2 percent.

The officials, who under rules of a Pentagon briefing could be identified only as senior Soviet specialists, denied press reports that the two intelligence agencies had any disagreement over the growth rate.

Additional information on what the Soviets spent from 1976 through 1981 has confirmed that the smaller yearly increases were more than the "hiccup" they appeared to be at first glance, the officials said.

However, they cautioned that the Soviets may be gearing up for producing new models of planes, tanks and other weaponry which would bring them back up to the 3 percent annual growth rate in the future. The officials said the average 2 percent growth from 1976 through 1981 does make it easier for the United

States to close the current gap in weaponry.

"They will not race away from us completely," said one official in reporting what he termed "the tentative good news."

STAT

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Soviets' military spending reviewed

Revised CIA studies reportedly show a smaller rate of growth

Associated Press

A review by CIA analysts indicates that previous studies by the agency might have overestimated the growth of Soviet defense spending, according to published reports.

The New York Times said yesterday that CIA specialists had revised an estimate of the increase in Soviet defense spending from as much as 4 percent each year to no more than 2 percent annually. The Times said the specialists believed that the growth rate had been overestimated for six years.

The Boston Globe reported two weeks ago that CIA analysts estimated that since 1979 the rate of Soviet military growth has been substantially below the 5 percent figure used by the Reagan administration. The Globe said some analysts had calculated that the Soviet defense budget might not be growing at all.

The administration has said that U.S. de-

fense spending must be substantially increased to meet a growing Soviet threat.

The Globe story stressed that the estimates of Soviet spending should be considered inexact because of the difficulty in obtaining accurate information about the Soviet military and economy.

The Times reported that the Defense Intelligence Agency (DIA) was disputing the new CIA estimates. The newspaper quoted Pentagon officials as saying that the Soviets have been spending as much as expected but getting less for their money because of inflation and inefficiency in Soviet industry.

According to DIA figures, the Soviets spent \$222 billion on defense in 1981, 44 percent more than the \$154 billion budget of the United States for the same year.

The CIA's estimates of Soviet defense expenditures were lower than the DIA's estimates for the same year, placing the Soviet defense budget closer to the U.S. defense budget. According to the Times, CIA officials linked the decrease in Soviet defense spending with industrial inefficiency.

The Times said that to reach a dollar figure on Soviet spending, U.S. analysts use satellite photos of Soviet military equipment and estimate how much it would cost to produce the same tank, ship or plane in the United States.

But some officials said this was an inaccurate gauge since it did not take into account U.S. labor costs, which would increase considerably the cost of such weapons in the Soviet Union.

DIA officials pointed out that not all military-related spending came under the category of defense. For instance, according to DIA figures the Soviets spent \$45 billion for research and development, the Times said.

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ARNOLD BEICHMAN

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Does the CIA know what it's talking about?

"...The only experts on the Soviet Union are those who sit on the Politburo in Moscow. The rest of us have varying degrees of ignorance." Malcolm Toon, former U.S. ambassador to the U.S.S.R.

"Estimating is what you do when you do not know." Sherman Kent, former chief of the CIA National Intelligence Estimate.

A page-one story in yesterday's *New York Times* about the Central Intelligence Agency and the Soviet arms buildup could, if true, help make mincemeat of the Reagan administration's defense budget. Unnamed CIA specialists, according to the story, claim the Soviet military spending growth rate has been over-estimated for the last six years.

Instead of a 3-to-4 percent annual increase, corrected for inflation, the growth rate "may have been no more than 2 percent," the *Times* reported. It went on to say that estimating Soviet military spending "is an inexact art, based on incomplete information, subjective assumptions, and difficulties in translating Soviet ruble costs into dollar values."

The real story about CIA's analysis and estimates branch is that it has had a dismal track record estimating the growth of Soviet military power. It has systematically discounted Soviet military expenditures. CIA analysts also were wrong in their predictions about the stability of the shah of Iran's kingdom, right up to the shah's downfall.

I am no admirer of President Carter but he was surely correct when he sent off a handwritten memo to his top security advisers in 1978 which began: "I am not satisfied with the quality of political intelligence."

In an article in 1979, Robert Ellsworth and Kenneth Adelman described in *Foreign Policy* "staggering CIA errors, compounded over 15 years, in estimating Soviet forces

and intentions and strategic weaponry and over-all military effort."

"Beginning in the 1960s," said the authors, "the CIA embarked upon a consistent underestimation of the Soviet ICBM buildup, missing the mark by a wide margin: Its estimates became progressively worse on the low side. In the mid-1970s, the intelligence community underestimated the scale and effectiveness of the Soviet's multiple independently targetable re-entry vehicle (MIRV) program. Even more important Soviet warhead accuracies that have already been achieved — and that have equalled U.S. accuracies — had been estimated by American intelligence to be unobtainable by Moscow before the mid-1980s."

How could such mis-estimates have happened, not only under Democratic but also under Republican administrations, right up to the present Reagan presidency?

Ellsworth and Adelman, who awaits a Senate vote on his nomination as Reagan's arms negotiator, said that the source of the problem lies "within the bowels of the intelligence bureaucracy itself."

American intelligence "has long been stultified by the domination of a clique," which has prevented the upgrading of the National Foreign Assessment Center. CIA Director William Casey has tried to do something about it by involving himself personally in the National Intelligence Estimates machine. But it has taken a long time to take even the first step.

The real bombshell which could destroy the CIA methodology for estimating Soviet military procurement expenditures has just gone off. It is a recently published book, *False Science: Understanding the Soviet Arms Buildup*, by Prof. Steven Rosefielde (Transaction Books, 1982) published under the auspices of the National Strategy Information Center.

The preface to Rosefielde's book is by Patrick Parker, who was deputy assistant secretary of Defense for intelligence a decade ago.

Parker says that during his government service, "I discovered that

the CIA's estimates of Soviet weapon expenditures were implausibly low and failed to reflect the rapid quantitative and qualitative improvements which we were seeing in Soviet weapons systems and technology."

Said Parker: "My own estimates, supported by those of most military intelligence organizations, indicated that the real value of Soviet weapons production was growing at roughly 10 percent per annum, while the agency put the figure variously between 2 and 4.5 percent per annum."

What Rosefielde has done in a brilliant technical and statistical analysis is to demonstrate the inconsistencies in CIA estimates of Soviet production costs, inconsistencies which arise from a CIA methodology which "systematically understates technological growth and biases the agency's estimates downward."

Until President Reagan persuades the CIA to adopt his view of Soviet intentions towards the U.S. and the Free World, estimates of Soviet military spending will be subject to all kinds of anti-defense propaganda.

CIA optimism about Soviet intentions leads to one kind of interpretation, Reagan's pessimism or realism about Soviet intentions demands a different kind of interpretation about Soviet arms expenditures.

Alexander Solzhenitsyn recently wrote in *National Review* that "We would understand nothing about communism if we tried to comprehend it on the principles of human reason. The driving force of communism, as it was devised by Marx, is political power, power at any cost and without regard to human losses or a people's physical deterioration."

In estimating Soviet military expenditures, the CIA might be well advised to base its conclusions on what, perhaps, we might call Solzhenitsyn's Law.

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